



City Manager's Office
City of Frisco, Texas

Memorandum

To: **Honorable Mayor Maso and Members of the Frisco City Council**

Cc: **George A. Purefoy, City Manager**

From: Nell Lange

Date: 11/20/2008

Agenda Caption: Consider and Act Upon an Amendment to the Ordinance Establishing Fees and User Charges for Water and Sewer Service

Action Requested: City Council consideration of an amendment to Ordinance No. 06-11-119 amending fees for the city water and sewer services.

Background Information: The water and sewer rate adjustment needed in the Water and Sewer Fund was discussed during the budget process over the summer. We provided documentation showing the need for the rate increase and the increased costs from the North Texas Municipal Water District. We are recommending an increase in the minimum charge from \$9.77 to \$11.00 per month and an increase of forty one cents (\$0.41) per thousand gallons for usage between 2,000 and 15,000 gallons. The rate will increase from the current \$2.28 to \$2.69 per thousand gallons. The rate for usage over 15,000 is currently \$2.98 and is recommended to increase to \$3.15. We recommend the second tier be modified to a range of 15,001 to 25,000. We also recommend putting in a third tier of over 25,000 with a rate of \$3.39. As you can see from the attached schedules, this recommendation is very comparable to our surrounding cities.

The commercial rates are being adjusted in a like manner. The current rate is \$2.38 per thousand gallons. We recommend an increase to \$2.79 per thousand. Additionally, we have increased the minimum change per meter as seen on the attached schedules. The irrigation rates are being adjusted in a like manner.

We recommend adjusting the minimum sewer charge from \$9.70 to \$11.00 per month and an increase of twenty eight cents (\$0.28) per thousand gallons for usage over 2,000. The current rate is \$2.22 per thousand and is projected to increase to \$2.50 per thousand gallons. We currently have winter averaging and a maximum bill for sewer service of \$38.59. Our recommendation is to eliminate the maximum bill and use the winter averaging only. We would like to move to a three year averaging, which is comparable to the Plano and Richardson method; however, our software will not currently support that feature.

The commercial sewer rates are being adjusted in a like manner. The current rate is the same as the residential rate except it has no averaging. So everything over 2,000 gallons is currently billed at \$2.22 per thousand gallons and proposed to increase to \$2.50.

Board Review/Citizen Input: None.

Alternatives: City Council could choose not to move forward at this time and provide staff direction.

Financial Considerations: The Water and Sewer Fund is estimated to end the fiscal year 2008 with a five million dollar decrease in working capital. These rate adjustments are needed to ensure the fund's financial stability.

Legal Review: Ordinance was originally written by the City Attorney's office.

Supporting Documents: Ordinance, Comparison information

Staff Recommendation: Staff recommends approval of the amendment to the ordinance. The proposed fee changes should enable us to stay within the FY09 budget objectives. We will monitor revenues closely throughout the year. If you have additional questions or concerns, please contact me at (972) 292-5110 or nlange@friscotexas.gov.